

Message Text

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PAGE 01 BANGKO 17594 100320Z
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FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC 5020
INFO AMCONSUL HONG KONG
AMEMBASSY SINGAPORE
AMCONGEN SYDNEY

UNCLAS BANGKOK 17594

COMMERCE FOR MEPD

E.O. 11652: N/A
TAGS: BEXP, TH
SUBJ: MAJOR PROJECT FOLLOW-UP: INTEGRATED STEEL MILL

REF : A) BANGKOK A-120, B) 76 BANGKOK 32362 (NOTAL)

1. ON AUGUST 3 EMBOFF TALKED TO DR. KASEM BALAJIVA AND MR. VALLOP LIMPITI, BOTH LEADING EXECUTIVES OF THE G.S. STEEL GROUP, THE MAJOR PRODUCER OF STEEL AND STEEL PRODUCTS IN THAILAND. BOTH MEN PARTICIPATED IN THE EARLY APRIL MEETING HELD AT THE INDUSTRIAL FINANCE CORPORATION OF THAILAND (IFCT) AT WHICH IT WAS DECIDED THAT THE IFCT WOULD SUBMIT A RECOMMENDATION TO THE BOARD OF INVESTMENT (BOI) THAT BOI PROMOTE THE MANUFACTURE OF STEEL (SEE REF A). THE IFCT SUBMITTED ITS PROPOSAL, PLEDGING IFCT'S FINANCIAL SUPPORT TO THIS PROJECT, IN EARLY JULY. BOI THEN REQUESTED COMMENTS FROM THE NATIONAL IRON AND STEEL COMMITTEE OF THE MINISTRY OF INDUSTRY AND LAST WEEK RECEIVED A REPLY WHICH ADVISED WAITING UNTIL TWO STUDIES ON THIS SUBJECT ARE COMPLETED. NEVERTHELESS, BOI, ACCORDING TO DR. KASEM, MAY GO AHEAD AND ANNOUNCE THE GRANTING OF INVESTMENT PRIVILEGES FOR AN INTEGRATED STEEL MILL PROJECT.

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2. IN THE MEANTIME, THE RTG IS GOING AHEAD WITH TWO STUDIES WITH RESPECT TO THIS PROJECT. THE DEPARTMENT OF TECHNICAL AND ECONOMIC COOPERATION (DTEC) EARLY THIS YEAR REQUESTED UNIDO TO STUDY THE PROSPECTS AND STRATEGY FOR THE EXPANSION OF THE IRON AND STEEL INDUSTRY IN THAILAND. AN EXPERT FROM UNIDO'S VIENNA HEADQUARTERS WILL VISIT SOON TO UPDATE THIS PROPOSAL WHICH THEN WOULD BE RESUBMITTED VIA UNDP, THE FINANCING

INSTITUTION FOR THIS TEN MONTH STUDY. A SECOND, SMALLER SCALE STUDY WILL BE UNDERTAKEN BY THE NATIONAL IRON AND STEEL COMMITTEE ITSELF TO DETERMINE THE FEASIBILITY OF USING NATURAL GAS TO MANUFACTURE SPONGE IRON BY DIRECT REDUCTION. THIS THREE MONTH STUDY WOULD BE FINANCED BY THE RTG. A LIST OF FOREIGN CONSULTANTS HAVE BEEN REQUESTED TO SUBMIT PROPOSALS TO THE COMMITTEE BY AUGUST 8. THE U.S. FIRMS INVITED TO PARTICIPATE ARE U.S. STEEL ENGINEERING AND CONSULTANTS INC., GEORGETOWN FUEL REDUCTION CO., KAISER ENGINEERING, PULLMAN SWINDELL AND LESTER B. KNIGHT.

3. DR. KASEM ADDED THAT, BECAUSE OF ITS SIZE, AN INTEGRATED STEEL MILL WOULD HAVE TO BE A JOINT PUBLIC AND PRIVATE SECTOR PROJECT. ON THE PRIVATE SIDE, BOTH OF THE LARGEST STEEL MANUFACTURING FIRMS, G.S. STEEL AND SIAM IRON AND STEEL COMPANY (A PART OF THE SIAM CEMENT GROUP) WOULD COOPERATE, TOGETHER WITH IFCT BACKING. THE PROJECT WOULD ALSO REQUIRE FOREIGN PARTICIPATION AND KASEM STATED THAT G.S. STEEL, ALTHOUGH PRESENTLY A PARTNER OF KAWAZAKI, WOULD BE INTERESTED IN TALKING TO POTENTIAL AMERICAN INVESTORS. CONTACT WITH THE RTG SHOULD BE MADE WITH MR. TRAKARN CHAIRAT, CHIEF, INDUSTRIAL PROJECT SECTION, INDUSTRIAL ECONOMICS AND PLANNING DIVISION, MINISTRY OF INDUSTRY, BANGKOK 4. (MR. TRAKARN IS THE SECRETARY OF THE NATIONAL IRON AND STEEL COMMITTEE).

4. FOR SYDNEY: PLEASE PASS ABOVE INFORMATION TO JESSE TAYLOR
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OF KAISER ENGINEERS.
O'DONOHUE

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Message Attributes

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Disposition Event:
Disposition History: n/a
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